

State of California
Department of Justice

COMMISSION ON PEACE OFFICER STANDARDS AND TRAINING

MINUTES

May 15, 1974
Sheraton - Harbor Island Hotel
San Diego

The meeting was called to order at 10:00 a.m. by Chairman Grogan. A quorum was present.

Present:

Robert F. Grogan	- Chairman
Dan Kelsay	- Vice Chairman
Wesley R. Barrett	- Commissioner (present for afternoon session only)
Floyd O. Barton	- Commissioner
Loren W. Enoch	- Commissioner
Edwin R. McCauley	- Commissioner
Donald F. McIntyre	- Commissioner (present for afternoon session only)
Robert S. Seares	- Commissioner

Absent:

Jack G. Collins	- Commissioner
Jack R. Winkler	- Representative of the Attorney General

Also Present:

Gene S. Muehleisen	- Executive Director
David Y. Allan	- Project STAR Coordinator
Ronald T. Allen	- Special Assistant to the Executive Director
Carl R. Ball	- Director, Administrative Counseling Division
Bradley W. Koch	- Director, Technical Services Division
Jon Schorle	- Consultant, Southern Bureau, Standards & Training
Gerald E. Townsend	- Director, Standards and Training Division
Edward M. Toothman	- Director, Administration Division
George W. Williams	- Chief, Northern Bureau, Standards and Training
Brooks Wilson	- Chief, Southern Bureau, Standards and Training
Imogene Kauffman	- Recording Secretary

As requested by the Commission at the April meeting in Carmel, a special meeting of the Commission was called at 10 a.m., preceding the public hearing on proposed regulation changes, for the purpose of reviewing alternate reimbursement plans.

Mr. Toothman presented three alternate pay plans:

- Reimbursement of salary at 60%; subsistence, travel, and tuition at 100%. This schedule is now in effect. (Attachment "A")
- Reimbursement of salary for the Basic Course at 75%; salary for all other courses at 60%; subsistence, travel and tuition at 100%. (Attachment "B")
- Reimbursement of salary for Basic Course at 100%; salary for Supervisory, Advanced Officer, and Middle Management Courses at 60% with no salary reimbursement for the remaining courses. (Attachment "C")

Each plan and its financial impact on the Peace Officers Training Fund (POTF) and the reserve were considered.

The Executive Director stated that the Commission had previously set a reserve of no less than \$1½ million. Former Director of Finance, Casper Weinberger, had originally suggested that the POTF reserve should be maintained at \$3 million. The staff recommended that a reserve of \$1½ million be retained.

Mr. Toothman made the observation that as of June 30, 1973, the reserve was \$3,239,000. It is estimated by the Fiscal Office that at the end of F.Y. 1973/74 the reserve will be \$520,000. The POST estimate is approximately \$245,000. He advised that as of the end of the quarter ending March 31, 1974, the surplus was \$770,836. Projecting costs on the basis of expenditures and income, the reserve June 30 would be \$245,836. He emphasized that there be an understanding that the estimated reserve as of July 1, 1974, could range between \$245,000 and \$520,000, under our present funding policy.

The Executive Director stated that the need for \$1½ million might be questioned by some agencies; however, it should be retained because it is very difficult to predict from year-to-year what local government will do with regard to optional courses.

Mr. Toothman explained that the factors that cause variances are the estimates on revenue and reimbursements -- over-estimates on revenue and under-estimates on reimbursements. It has been observed that as the fiscal year ends, departments are holding claims that should have been submitted earlier. In the last quarter of 1973, over \$5 million was reimbursed. Consideration must be given to the problem of being inundated with late claims. This situation must be corrected to permit POST to maintain tighter fiscal management,

Staff recommended that courses be reimbursed on the basis of the current plan that the Commission adopted effective October 1, 1973. However, present Commission policy requires that late claims be reimbursed at the rate of 100%, the rate in effect prior to October 1973. This makes it impossible to project or stabilize the fiscal situation. The late claims coming in and still being reimbursed at 100% negates the opportunity to reduce the salary level in reimbursements the 40% which staff felt it should have been.

Commissioner Enoch asked if there is a legal obligation to pay late claims that far back.

Mr. Toothman responded that a verbal opinion had been received from the Attorney General's Office that there is no legal obligation to pay claims beyond a stated date if it is so provided in the law or regulations.

Following a discussion regarding the one-time shock on the cash flow which such a regulation change would cause, Commissioner Seares suggested a regulation change which would require that if the claim is not received within 90 days, there will be a penalty of a certain percentage, and within another specific time period the claim will not be reimbursable.

Commissioner McCauley suggested an alternative approach requiring that claims which are not submitted within 90 days after completion of training would not be reimbursed unless specifically authorized by the Commission.

Mr. Toothman stated that present policy places the burden of collection of delinquent claims on POST staff. If a time factor were established, the responsibility would revert from POST to the jurisdiction, as it should be.

Commissioner Enoch made a motion (later withdrawn) that all law enforcement agencies be notified that the Commission is considering a change in the Regulations relating to claims that are submitted for training which occurred at a time when a higher rate was in effect will be reimbursed up to 90 days at a percentage rate in effect at the time the training was completed. Claims submitted more than 90 days after completion of training shall be reimbursed at 50% of the rate at the time the training was completed, when submitted within one year. And third, that all claims be void after one year of completion of training.

An amendment was requested by Commissioner Kelsay that the reimbursement should be at the figure in effect at the beginning of training rather than at the completion of training. Mr. Toothman stated the staff was not proposing that the rate be changed during the course, and that we proposed to continue to follow the Commission requirement that salary be based upon the trainee's salary in effect at the beginning day of the course.

During further discussion, Mr. Toothman suggested that a decision would have to be made as to what is justifiably late. Most of it is failure to function properly at the management level.

Commissioner Kelsay was of the opinion that if time limits are going to be set, the jurisdictions should be notified within a reasonable time of the approaching deadline.

The Executive Director stated that it would be a staff recommendation that three paragraphs be added to the POST Procedure on reimbursement, and that the Commission Regulations be changed at a future date. If suddenly all the late claims are submitted because of an impending penalty, they could not be accommodated, regardless of the funding formula adopted.

Commissioner Barton stated that it is going to have to be done sooner or later, and if it isn't done this year, the same problem will exist next year. There will have to be a one-time "shock" sometime.

Commissioner Enoch was of the opinion that the impact should occur in the 1974/75 F. Y.

The Executive Director suggested that a notice should be sent out to encourage departments to submit old claims, as penalty action is contemplated in the future.

Commissioner Seares identified two definite segments to the problem. First, there is the unknown number of late claims which haven't yet been submitted, and secondly, how can this situation be prevented in the future. Some kind of a proposed regulation should be developed and a hearing held as soon as possible and set a "date certain" when this will become effective. The quicker a regulation is established and a control is developed, the quicker the problem will be solved. The Commission may have to hold off on any great change in the reimbursement program until we determine what the impact is going to be on a late claim penalty.

Chairman Gorgan suggested that if the shock is so great and it comes at a time in the fiscal year that the claims cannot be accommodated, a policy could be established to pay off the late claims on a "first come, first served" basis, or maybe they couldn't be paid, for example, for two fiscal years in the future.

MOTION by Commissioner McCauley, seconded by Kelsay, motion unanimously carried that the following proposed addition to the Regulations be placed on the next hearing agenda:

Section 1015(b) Claim for Reimbursement

Claims must be forwarded on forms provided by the Commission no later than 90 days after the completion of a certified course.

- (1) Claims forwarded more than 90 days following the completion of a training course shall be reduced 25% of the approved reimbursable amount.

- (2) Claims forwarded more than 180 days following the completion of a training course shall not be reimbursed.
- (3) After (effective date of this regulation), all late claims shall be subject to (1) and (2) above.

It was directed by the Commission that the final wording of paragraph (3), establishing the deadline date by which all overdue claims must be submitted, is to be drafted by staff.

The MOTION further stated that all agencies be notified that the Commission is considering a change in the Regulations relating to time limits for presenting claims for reimbursement. Included in the notice shall be a request that agencies submit any requests for changes in the Regulations, to be returned to POST in time for consideration by the Commission at the July 18-19 meeting, at which time a schedule for the hearing procedure will be set.

(Following this meeting, the Executive Director concluded that time constraints would not permit the soliciting of changes in the Regulations for the July meeting. He was authorized by Chairman Grogan to disregard that portion of the motion for the July meeting. Notification of the proposed regulation change relating to late claims will be made by way of a Notice of Public Hearing. The notice has wide dissemination throughout California.)

MOTION by Commissioner Seares, seconded by Kelsay, carried unanimously that the following addition to PAM, POST Procedure, Section 5, Reimbursement Procedures, be approved:

All claims submitted for training which occurred at a time when a higher rate was in effect shall be reimbursed, up to 90 days, at the percentage rate in effect at the time the training was started.

Meeting recessed at 12 noon, to reconvene following a public hearing on the proposed Regulation changes.

* * *

Public Hearing, Sheraton Harbor Island Hotel, San Diego

A public hearing on proposed regulation changes was called to order at 1 p.m. by Chairman Grogan. A quorum was present.

Present:

Robert F. Grogan	-	Chairman
Dan Kelsay	-	Vice-Chairman
Wesley R. Barrett	-	Commissioner
Floyd O. Barton	-	Commissioner
Loren W. Enoch	-	Commissioner
Edwin R. McCauley	-	Commissioner
Donald F. McIntyre	-	Commissioner
Robert S. Seares	-	Commissioner

The Executive Director presented each proposed change in the Regulations as previously published in accordance with the Code of Administrative Procedures. Written testimony received by mail was read and verbal testimony from the floor was heard. The proposed changes as presented and all testimony is on file at POST headquarters.

The Commission meeting was reconvened at 2:30 p.m.. All Commissioners who were present at the hearing were in attendance (Collins and Winkler, absent).

Following the discussion of testimony presented, the following action was taken:

MOTION by Commissioner McIntyre, seconded by Barrett, carried unanimously that the proposed Regulations be adopted as presented, effective July 1, 1974, with the following changes:

Section 1003. Notice of Peace Officer Appointment

The word "provided" be changed to "approved."

Section 1011 (b). Certificates and Awards

Change wording to be consistent with the previously adopted PAM Procedure F-10.

1015 (d). Reimbursements

Omit the phrase "for salary."

Alternate Pay Plans

Commissioner Enoch opened the discussion on the alternate pay plans that had been presented during the morning session, page 2, set forth as Attachments A, B, and C, and stated that Attachment C, reimbursement of salary for

Basic Course at 100%, salary for Supervisory, Advanced Officer, and Middle Management Courses at 60% with no salary reimbursement for the remaining courses, encompassed most of the concerns he wished addressed.

Commissioner Kelsay made a motion, seconded by Enoch, that the above pay plan be adopted, amended to include 100% salary reimbursement for the Supervisory and Advanced Officer Courses.

The Executive Director stated that staff strongly objected to the motion, and recommended continuance of the present 60% salary reimbursement.

A lengthy discussion ensued during the discussion of the motion and is on file with the detailed minutes at POST headquarters.

The motion was defeated.

An alternative motion was presented

MOTION by Commissioner Barton, seconded by Seares, motion carried, that the following Reimbursement Schedule be adopted to become effective July 1, 1974.

Voting:	Ayes:	Barton, Seares, Enoch
	Noes:	Grogan, McCauley
	Abstention:	Kelsay

Opposition to the motion was voiced by staff based upon previous arguments.

REIMBURSEMENT SCHEDULE

Salary Reimbursement

Basic Course	100%
Supervisory Course	60%
Advanced Officer Course	60%
Middle Management Course	60%
Executive Development Course	No Salary
Seminars	No Salary
Technical/Special Courses	No Salary

MOTION by Commissioner Kelsay, seconded by McCauley, motion carried that by the July 18-19 meeting, staff shall compute the impact of the adoption of the above pay plans. If the impact study shows unfavorably, an amendment, retroactive to July 1, 1974, will be considered.

Plans for Reimbursement

At the Commission meeting of January 24, 1974, the Commission approved a revision of the Reimbursement Plan numbering system, and three numbered plans were adopted. Mr. Toothman suggested that one additional plan be adopted.

MOTION by Commissioner McCauley, seconded by Barrett, motion carried that the following Plans for Reimbursement be adopted, to be effective July 1, 1974.

Plan 1:

Meals and Lodging	100%
Travel	100%
Tuition	100%
* Salary	As specified by the Commission

Plan 2:

Meals and Lodging	100%
Travel	100%
* Salary	As specified by the Commission

Plan 3:

Meals and Lodging	100%
Travel	100%
Tuition	100%

Plan 4:

Meals and Lodging	100%
Travel	100%

* All salaries shall be reimbursed as currently specified by the Commission.

Project STAR Request

Project Coordinator, Dave Allan, reported to the Commission it had been determined by the Project Director and Chairman that a private, non-profit corporation should be established as a grant recipient and that a grant request be initiated for implementation of the Project STAR training packages.

MOTION by Commissioner Seares, seconded by Enoch, motion carried that staff be authorized to submit a grant request to LEAA for technical assistance funds for Project STAR implementation on behalf of the pending corporation with the understanding that it is done without commitment for matching funds or staff support in accordance with POST's obligation toward implementation of Project STAR.

Request of Commissioner McIntyre

Because of the impact of the minimum wage bill on the structure of training, Commissioner McIntyre requested that a study document for course structure of no more than 6 hours per day be presented for discussion at the next commission meeting.

Date and Place of Next Meeting

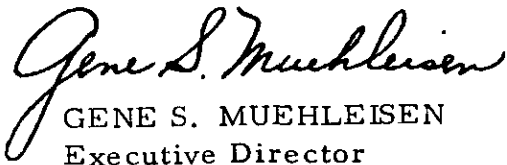
Chairman Grogan announced that the next regular meeting of the Commission will be July 18-19, in San Diego. (It was later established that it will be a joint meeting with the POST Advisory Committee at the PSA Hotel Islandia, San Diego.)

Robert Cress, POST Advisory Committee, requested that the records show that PORAC is satisfied with the progress made between staff and Bahn Fair Institute. He further stated it should be noted that the adoption of the plan for reimbursement was voted upon with three peace officer representatives of the Commission being absent.

Adjournment

There being no further business, the meeting was adjourned at 4 p.m.

Respectfully submitted,


GENE S. MUEHLEISEN
Executive Director

Estimated Revenue and Reimbursement for 1974-75 Fiscal Year

Projected reimbursement of subsistence, travel, and tuition at 100%;
salary at 60%.

Reserve estimate as of July 1, 1974 \$ 520,994

Based on prior years experience revenue for 1974-75
Fiscal Year estimated at (including 25% increase on
traffic fines assessment) 10,050,000

Total Revenue \$10,570,994

Estimated reimbursement for 1974-75
Fiscal Year \$6,500,000

Inflation 455,000
\$6,955,000

Administration costs 1,657,510
\$8,612,510

Contracts (estimate) 500,000

Total Cost 9,112,510

Reserve estimate as of June 30, 1975 \$1,458,484

Basic Course -- Reimbursement at 75% of Salary

Reimbursement of salary at 75% for the Basic Course; reimbursement of salary for other courses at 60%; subsistence, travel, and tuition at 100%.

The difference between 75% and 60% salary reimbursement for the Basic Course would be approximately \$784,000. The difference would be reflected as a reduction in the reserve funds of June 30, 1975, or further reductions could be made in salary reimbursements for other training course categories.

Reserve funds are much lower than the planned reserve of \$1,500,000, therefore, it would be undesirable to increase reimbursement at the expense of the reserve.

Reserve July 1, 1974	\$ 520,994
Revenue	<u>10,050,000</u>
	\$10,570,994

Estimated reimbursement

Basic Salary @ 75%	\$3,922,102	
Supervisory Salary @ 60%	164,598	
Adv. Officer Salary @ 60%	469,741	
M/M Course Salary @ 60%	196,314	
M/M Sem. Salary @ 60%	349,385	
Ex. Dev. Salary @ 60%	61,039	
Ex. Dev. Sem. Salary @ 60%	126,159	
Tech./Spec.Salary @ 60%	<u>1,805,292</u>	
	\$7,094,630	
Inflation	<u>496,500</u>	
Admin. Costs	\$1,657,510	
Contracts	<u>500,000</u>	
		<u>9,748,640</u>
Reserve June 30, 1975	\$ 722,354	

Basic Course - Reimbursement of Salary at 100%

Reimbursement of salary at 100% for the Basic Course would cost approximately \$4,851,919, an increase of \$1,940,768 over the 60% level. The increase on the Basic Course could be compensated for by eliminating salary reimbursement for Middle Management Seminar, Executive Development Course, Executive Development Seminar and Technical/Special courses.

The arrangement would provide 100% salary reimbursement on one category of courses, 60% salary on three categories of courses and no salary reimbursement on 103 categories of courses, and it would reduce the reserve to approximately \$953,847 as of June 30, 1975.

Reserve July 1, 1974	\$ 520,994
Revenue - 1974-75 Fiscal Year	10,050,000
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Estimated Reimbursement

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M/M Saminar - No Salary	230,638	
Ex. Dev. Course - No Salary	35,393	
Ex. Dev. Seminar - No Salary	83,711	
Tech. /Special - No Salary	<u>939,310</u>	
	\$6,971,624	
Inflation	488,013	
	<u>\$7,459,637</u>	
Administrative Costs	1,657,510	
Contracts	<u>500,000</u>	<u>9,617,147</u>
Reserve June 30, 1975		\$ 953,847

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Absent:

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(Following this meeting, the Executive Director concluded that time constraints would not permit the soliciting of changes in the Regulations for the July meeting. He was authorized by Chairman Grogan to disregard that portion of the motion for the July meeting. Notification of the proposed regulation change relating to late claims will be made by way of a Notice of Public Hearing. The notice has wide dissemination throughout California.)

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Meeting recessed at 12 noon, to reconvene following a public hearing on the proposed Regulation changes.

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The Commission meeting was reconvened at 2:30 p.m.. All Commissioners who were present at the hearing were in attendance (Collins and Winkler, absent).

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Section 1011 (b). Certificates and Awards

Change wording to be consistent with the previously adopted PAM Procedure F-10.

1015 (d). Reimbursements

Omit the phrase "for salary."

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Basic Course at 100%, salary for Supervisory, Advanced Officer, and Middle Management Courses at 60% with no salary reimbursement for the remaining courses, encompassed most of the concerns he wished addressed.

Commissioner Kelsay made a motion, seconded by Enoch, that the above pay plan be adopted, amended to include 100% salary reimbursement for the Supervisory and Advanced Officer Courses.

Discussion: *2:10 p.m. ...*

The Executive Director stated that staff would strongly object to the motion and offered the suggestion that six to nine months be allowed to complete an in-depth analysis on the training needs and combinations of reimbursement as well as to reconsider the current philosophy of offering a balanced training program. It was felt that enough data was not available at this time to make "such a radical change in the philosophy of the POST training program."

Commissioner Kelsay expressed disagreement with the balanced training concept and felt the reason people are in basic training is the 100% reimbursement. And further, agencies are starting incentive programs for certificates such as Basic, Intermediate, and Advanced. People are now going to college that were not going before because POST is paying for basic training. POST should be looking at the first two or three categories to reimburse 100%, and pay the out-of-pocket expense for the balance.

The Executive Director responded that figures show there was an extremely high percentage of compliance with the POST standards at 50% of reimbursement for the Basic. College is just one of the many factors in getting a certificate. The big factor is training, and it takes approximately 600 hours of training to get some of the certificates. College versus training has to be a blend. He stressed how sophisticated police work is for the officer on the beat. Some specialized training is essential to do the job, and POST should make it available and attractive through reimbursement incentive.

Commissioner Kelsay felt that most of the major police agencies were sending their people to school before POST came into existence. The majority of agencies in California are small and need reimbursement assistance from POST for basic training compliance. Without it they aren't going to train because they don't have the money.

Commissioner Seares felt it is most important that the greatest reimbursement go for the Basic Course -- the course that is required to comply with POST standards, if possible, and cut elsewhere if need be. He did not feel there was a need to pay the salaries of higher-level officers while in training. To pick up the out-of-pocket costs should be enough incentive.

Commissioner Enoch stated that his feedback from the field, which is very representative, is that the concern is on the reimbursement of the Basic Course, and was of the opinion that law enforcement will grow in terms of accepting the higher levels of courses and programs, not because they are

being offered a carrot in terms of reimbursement of salary, but because of the push from lower levels who are being trained. POST should make the investment where it would be most productive.

There was concurrence, and it was stated that unless there was some real argument that hadn't been presented, or some obvious reasons that could be recited for not making the change at this time, a decision of such importance should not be put off.

The Executive Director stated the Commission has adopted a program of training by assignment, and there are some 15 areas for which the POST system should provide training for specific assignments. What reimbursement really means is being able to replace a body on release time while the specialized trainee is in training.

Commissioner McCauley stated that he had also received reaction from the field that the emphasis should be put on the basic training -- but other training should not be forgotten as it is also important.

The motion was defeated.

An alternative motion was then presented:

MOTION by Commissioner Barton, seconded by Seares, motion carried, that the following Reimbursement Schedule be adopted to become effective July 1, 1974.

Voting:	Ayes:	Barton, Seares, Enoch
	Noes:	Grogan, McCauley
	Abstention:	Kelsay

Opposition to the motion was voiced by staff based upon previous arguments.

REIMBURSEMENT SCHEDULE

	<u>Salary Reimbursement</u>
Basic Course	100%
Supervisory Course	60%
Advanced Officer Course	60%
Middle Management Course	60%
Executive Development Course	No Salary
Seminars	No Salary
Technical/Special Courses	No Salary

MOTION by Commissioner Kelsay, seconded by McCauley, motion carried that by the July 18-19 meeting, staff shall compute the impact of the adoption of the above pay plans. If the impact study shows unfavorably, an amendment, retroactive to July 1, 1974, will be considered.

Plans for Reimbursement

At the Commission meeting of January 24, 1974, the Commission approved a revision of the Reimbursement Plan numbering system, and three numbered plans were adopted. Mr. Toothman suggested that one additional plan be adopted.

MOTION by Commissioner McCauley, seconded by Barrett, motion carried that the following Plans for Reimbursement be adopted, to be effective July 1, 1974.

Plan 1:

Meals and Lodging	100%
Travel	100%
Tuition	100%
* Salary	As specified by the Commission

Plan 2:

Meals and Lodging	100%
Travel	100%
* Salary	As specified by the Commission

Plan 3:

Meals and Lodging	100%
Travel	100%
Tuition	100%

Plan 4:

Meals and Lodging	100%
Travel	100%

* All salaries shall be reimbursed as specified by the Commission.

Project STAR Request

Project Coordinator, Dave Allan, reported to the Commission it had been determined by the Project Director and Chairman that a private, non-profit corporation should be established as a grant recipient and that a grant request be initiated for implementation of the Project STAR training packages.

MOTION by Commissioner Seares, seconded by Enoch, motion carried that staff be authorized to submit a grant request to LEAA for technical assistance funds for Project STAR implementation on behalf of the pending corporation with the understanding that it is done without commitment for matching funds or staff support in accordance with POST's obligation toward implementation of Project STAR.

Request of Commissioner McIntyre

Because of the impact of the minimum wage bill on the structure of training, Commissioner McIntyre requested that a study document for course structure of no more than 6 hours per day be presented for discussion at the next commission meeting.

Date and Place of Next Meeting


Chairman Grogan announced that the next regular meeting of the Commission will be July 18-19, in San Diego. (It was later established that it will be a joint meeting with the POST Advisory Committee at the PSA Hotel Islandia, San Diego.)

Robert Cress, POST Advisory Committee, requested that the records show that PORAC is satisfied with the progress made between staff and Institute. He further stated it should be noted that the adoption of the plan for reimbursement was voted upon with three peace officer representatives of the Commission being absent.

Adjournment

There being no further business, the meeting was adjourned at 4 p.m.

Respectfully submitted,


GENE S. MUEHLEISEN
Executive Director

Estimated Revenue and Reimbursement for 1974-75 Fiscal Year

Projected reimbursement of subsistence, travel, and tuition at 100%;
salary at 60%.

Reserve estimate as of July 1, 1974 \$ 520,994

Based on prior years experience revenue for 1974-75

Fiscal Year estimated at (including 25% increase on
traffic fines assessment)

10,050,000

Total Revenue \$10,570,994

Estimated reimbursement for 1974-75
Fiscal Year

\$6,500,000

Inflation

455,000

\$6,955,000

Administration costs

1,657,510

\$8,612,510

Contracts (estimate)

500,000

Total Cost 9,112,510

Reserve estimate as of June 30, 1975

\$1,458,484

Basic Course -- Reimbursement at 75% of Salary

Reimbursement of salary at 75% for the Basic Course; reimbursement of salary for other courses at 60%; subsistence, travel, and tuition at 100%.

The difference between 75% and 60% salary reimbursement for the Basic Course would be approximately \$784,000. The difference would be reflected as a reduction in the reserve funds of June 30, 1975, or further reductions could be made in salary reimbursements for other training course categories.

Reserve funds are much lower than the planned reserve of \$1,500,000, therefore, it would be undesirable to increase reimbursement at the expense of the reserve.

Reserve July 1, 1974	\$ 520,994
Revenue	<u>10,050,000</u>
	\$10,570,994

Estimated reimbursement

Basic Salary @ 75%	\$3,922,102
Supervisory Salary @ 60%	164,598
Adv. Officer Salary @ 60%	469,741
M/M Course Salary @ 60%	196,314
M/M Sem. Salary @ 60%	349,385
Ex. Dev. Salary @ 60%	61,039
Ex. Dev. Sem. Salary @ 60%	126,159
Tech./Spec.Salary @ 60%	<u>1,805,292</u>
	\$7,094,630
Inflation	<u>496,500</u>
Admin. Costs	\$1,657,510
Contracts	<u>500,000</u>
	<u>9,748,640</u>
Reserve June 30, 1975	\$ 722,354

Basic Course - Reimbursement of Salary at 100%

Reimbursement of salary at 100% for the Basic Course would cost approximately \$4,851,919, an increase of \$1,940,768 over the 60% level. The increase on the Basic Course could be compensated for by eliminating salary reimbursement for Middle Management Seminar, Executive Development Course, Executive Development Seminar and Technical/Special courses.

The arrangement would provide 100% salary reimbursement on one category of courses, 60% salary on three categories of courses and no salary reimbursement on 103 categories of courses, and it would reduce the reserve to approximately \$953,847 as of June 30, 1975.

Reserve July 1, 1974	\$ 520,994
Revenue - 1974-75 Fiscal Year	10,050,000
	<u>\$10,570,994</u>

Estimated Reimbursement

Basic - Salary 100%	\$4,851,919	
Supervisory - Salary 60%	164,598	
Advanced Officer - Salary 60%	469,741	
M/M Course - Salary 60% ✓	196,314	
M/M Saminar - No Salary	230,638	
Ex. Dev. Course - No Salary	35,393	
Ex. Dev. Seminar - No Salary	83,711	
Tech. /Special - No Salary	<u>939,310</u>	
	\$6,971,624	
Inflation	488,013	
	<u>\$7,459,637</u>	
Administrative Costs	1,657,510	
Contracts	<u>500,000</u>	<u>9,617,147</u> ✓
Reserve June 30, 1975		\$ 953,847

Toothman: In reference to the salary range it has been the accepted policy as I understand it, that all out of pocket costs, which would be for subsistence, travel and tuition, to be reimbursed at 100%. Now there are four categories: subsistence, travel, tuition and salaries. If you are going to reimburse the regular categories at 100%, that reduces your option down to salary as far as changing the rate of reimbursement. It is preset at 60% and the question came up as to whether it would be advisable to change that rate of percent. For example we have worked out three different combinations here, and I think from those, that we can evaluate other kinds of combinations if you so desire. But in reference to the first one, Page 2, it shows the present combination of 60% indicating that as of July 1 there will be a reserve of \$520,000 and an estimated income of \$10,050,000 for a total of \$10,570,000.
(Toothman also briefly explained the \$500,000 for contracts.)

(Executive Director stated the contracts would be discussed in-depth at the July meeting).

Ex. Dir.: The Commission set a so-called reserve of no less than \$1½ million to try to keep in the event we should run into some problems. In our present method of planning it is inadequate now until we get some automation and so on to accurately estimate how many men are going to be reimbursed for training based right now on past experience. We do some pretty good estimating on what we have to work with. Hopefully in the future if we can get more statistics from local agencies then we can be more accurate. But the cushion is about \$3½ million. That is what Casper Weinberger, when he was Director of Finance, originally ruled so that we wouldn't have to cut like we did once before and reduce 22%. The Department of Finance and others have pushed very hard to reduce that percent and we have agreed now on \$1½ million. There are some people in State government who would like to see that even lower. But until the State can assist us and until we can more accurately estimate what it is going to cost, our staff feels that we should strive for a cushion of from 1 and 1½ million dollars.

Toothman: I would like to make this observation. As of June 30, 1973 we had \$3,239,000 in reserve. At the end of this Fiscal Year it is estimated, and I think that in all fairness that the estimates here given of \$520,000 which are the figures of the Fiscal Analyst (Amen and his staff) I am not as optimistic. I think we are going to be around \$245,000. I think this should be stated because I think that we are going to be a little short. That's my personal opinion. Amen thinks we are going to be alright.

- Ex. Dir.: It is almost unbelievable to those of you who are dealing in finances all the time to see how the State works with this fund. One agency will see--like the Department of Finance--I think you are going to have \$1½ million in reserve. WE came along with about \$150,000. Then we had a meeting and asked where are you getting your figures? We tried to shake this down and it was agreed by the group that the figure that would be used was the one that came from the Department of Justice Fiscal Office, and that was \$520,000. When we talk about a reserve you might ask why we need \$1½ million in reserve. Remember that the training is up to local government. We can make an estimate quite accurately on mandated courses, but there are so many courses that are in the technical and special area and so many dollars involved in that, and it is entirely local option, that it is very difficult to predict from year to year unless you do it based upon history, or we could come up with a new method of estimating. It is very difficult to know what local government will do from year to year. That's the reason for the cushion.
- Enoch: It seems to me that if you have a fiscal program that has any meaning to it you have to have incumbrances that relate to what you're jurisdictions are doing. Maybe there is no realistic way to do this, but as I look back at the figures on reimbursement and see the number about claims that have been processed in 1971, 1972, 1973 and 1974, it is pretty obvious that you have to close off the end part. You have no requirements on when a claim will be submitted. I think that is more appropriate and I see that having a snowballing effect immediately after it is enacted. But on the other hand, it seems to me that there is a possibility that local jurisdictions should be aware that they may have some financial exposure in terms of this program in some select programs, and when we get to the reimbursement schedule I would like to address that subject.
- Ex. Dir.: We hope that the day will come when we can say to police agencies in the State, and say to all of them, "your allocation this year from POTF, if you wish to take advantage of it, is X amount of dollars.
- Toothman: I do want to re-emphasize the point that as of March 31 our current surplus was \$770,836. Projecting those costs on the basis of expenditures and income we would have \$245,836. So I want assurance that there is an understanding that this reserve as of July 1 ranges between \$245,000 and \$520,000. So we are not quite as set as we might think we are as far as money is concerned.

McCauley: What ingredients are there that cause the staff estimate and the Fiscal Office figures to vary?

Toothman: The factors that make them vary are the estimates on revenue vs. reimbursement. These are based on past experience. In my opinion they over-estimate on revenue and under-estimate on reimbursements. It has been our experience that as the fiscal year ends people who are sitting on claims that should have been submitted at an earlier date tend to stack up. This happened last year. In the last quarter last year we put out over \$5 million in one quarter because claims had been accumulating and when we paid off we were inundated with them. We have to give some credence to this problem, otherwise we are going to be holding the bag.

McCauley: Is that accruing this year?

Toothman: I do not know yet. We have one month in which we gave away \$900,000--the month of April. (Ref. Page 12) So far this year we have reimbursed \$6,777,315. My estimate is \$875,000 per month for the balance of the year. Right off the bat I'm about \$50,000 short and I'm figuring higher than the Fiscal Office is figuring. So our \$245,000 may be even less than that.

Ref. P. 3 - Basic Course = Reimbursement is 75% of salary.

Ref. P. 4 - Basic Course = Reimbursement is 100% of salary, etc.

Toothman: I think it is interesting on Page 5 you can see the distribution of reimbursement for the last two years. Of course these last three months have been projected and they fall relatively close to the 72-73 figures for the distribution of those funds among the various course categories. You can see that roughly 50,000 of all of the reimbursement goes just for the Basic Course; 10,000 for Advanced Officers; minimal amounts go into the management courses. And yet this is the weakest area of law enforcement in California.

Kelsay: What do you mean by that?

- Toothman: I think that the problems that we find out in the field with the management surveys indicate that there needs to be a lot more thought given to raising the standards of management capabilities. If you do not have good management no matter how well your men are trained you are not getting full advantage and efficiency out of the manpower that you have. Counterwise a good manager can work with a mediocre group and do relatively well.
- Kelsay: What you are saying is that we don't need to train the basic if you train the managers.
- Toothman: No that would be over simplifying it. No you still have to train Basic, but I think - and this is a personal opinion - that there should be more going to the management area.
- Seares: It is true, is it not, that we accept completion of lots of technical and specialized courses as meeting the requirements for Advanced Officer? So this can be somewhat the story of the Advanced officer. These are the figures for the last two years, so in the current year there is not as much being spent for Advanced Officer training, which may mean two or three things. First of all, there was a rush of training the first year; and the second we are accepting completion of certain technical and specialized as meeting the Advanced Officer requirement. That distorts this picture a little bit.
- McCauley: You folks in law enforcement have a better feel for this than I might have. Are there fewer numbers of new officers coming into the system because of various reasons--jobs not as plentiful, etc.?
- Ex. Dir.: It did back up a couple of years ago and now that the population generally are reducing, their costs of local government are starting to level off a little in some places. This is reflected in the number of recruits being trained. Not any great number, but it has leveled off and actually reduced.
- Kelsay: We have had a rise in the people that are coming into the system too.

Ex. Dir.: But that leveled off and has reduced a little to what it was a couple of years ago.

Kelsay: Question to EMT: Do you find that the large departments have management problems, or are you talking about the small departments?

Toothman: We have surveyed some large ones that have had extensive problems. Generally you will find problems in many of the large departments.

Seares: What you are saying is that the number of people coming into law enforcement has pretty well leveled off or actually going down.

Ex. Dir.: But that is only two years experience.

Toothman: I think your basic course of officers trained is your best barometer as it will always show you the number of officers going to basic schools, and you do have that information before you. The large spread sheet (from April Commission Meeting material) is the key to everything that you want to examine. So far this year there have been 12,000 trainees. We had 18,000 last year and by the time we get through this year we should be relatively close to that figure.

Ex. Dir.: Total officers trained has been increasing but the basic trainees have not been increasing.

Toothman: No, I think it will hold pretty steady this year and might be just a little less. There are so many ramifications to this whole problem that it takes quite a while to examine it in order to get its perspective.

Seares: We have to start with some basic assumption from the relatively short period from which we have some figures combined with what we know of the present situation, and can make the assumption that there will be a substantial increase in basic trainees, rather than trying to decide on any plan of variation of plan that the most important thing is to consider what might be some basic principles.

Toothman: We have a situation here that is going to have to be corrected before POST can control the fiscal problem and that goes back to the late claims. If you do not mind my skipping back, I bring it up because it relates to the very problem we have as far as cost is concerned. On Page 10 it is suggested that courses be reimbursed on the basis of the current plan that the Commission has adopted. Under the present system we are paying old claims way back for previous years at the rate that was in force at that time. This makes it impossible for us to project or gain control of our fiscal situation. We are putting out money at 100% for claims that accumulated prior to October 1973. Rather than reflect a substantial drop in salary reimbursement, the first quarter we went down only 6.5% rather than the 40% on salaries. The third quarter or second quarter of the new effective schedule we went down only 11.6%. And so what happens because all these back claims coming in at 100% neutralize the opportunity to reduce the salary level in reimbursements down to 40% which it should have been. So we have no control over that.

Enoch: Is there any legal obligation involved here to pay?

Toothman: We sent a letter to the A.G. requesting an opinion on this. Wells Peterson called up and stated that said he could see there was no problem and he was a little surprised that we were concerned about it. However, he hasn't given us as yet a written decision on it. In this verbal discussion he indicated there was no legal problem at all.

Seares: Can we pay them at the 100% or at the current rate with one?

Ex. Dir.: Whatever is provided for in the Regs.

McCauley: Let's assume that the Basic goes from 60 to 100% then if the jurisdictions were wise they would hold and file their claims at the 100%.

Toothman: In reading this it says "when a higher rate was in effect, shall be reimbursed up to 90 days at the percentage rate in effect at the time the training was completed".

McCauley: It didn't work the other way then?

Toothman: No. This works in the case of higher rates not lower rates.

Grogan: The one time shock on our cash flow with a reg like this I assume would be virtually all that we haven't paid that you estimate is reimbursable.

Ex. Dir.: It could be disastrous. That is why we feel that this should wait. There wouldn't be any action right now to try implementing this immediately. For one thing, no notice has gone out on this for hearing so we couldn't do anything on this now any way. We would hope to wait until the next fiscal part begins.

Kelsay: We do not have to have a hearing to change our percentage of reimbursement do we?

Grogan: We are talking about penalty for late claims.

Seares: I can't see any reason why at the proper time we can't enact a reg that says if you don't get your claim in within 90 days you will get penalized a certain percentage and if you don't get it in within a certain time after that you don't get reimbursed.

McCauley: Another approach would be to say that if the claims are not in in 90 days after completion of training, it may not be paid unless specifically authorized by the Commission. In some hardship cases this might help. I dislike slamming the door without a consideration for those hardship cases.

Seares: Ed has a pretty good follow-up system so that the minute a course is offered you get information from the school as to who is enrolled--what department and all that. And certainly there might be some kind of tickler system and a follow-up notice to those departments that haven't come in to state you have so many days to get your claim in or you will loose out. Is that too difficult a thing to install?

Toothman: Right now the burdon of collection on urging claims to be submitted is on POST. If we set up a time factor it would revert from POST over to the jurisdiction. And it shouldn't be the problem of POST it should be at the local level. I think the administrator will make sure that they don't miss out more than once.

Seares: The only thing we could do is to set up a time limit on this and then if it should go into a new fiscal year part and there has been a change in the reimbursement schedule we could specify that it would be put in the red at the time they went to school or the current rate, whichever is the lesser.

Enoch: MOTION
That all law enforcement agencies be notified that the Commission is considering a change in the Regs relating to claims. And then encompass in that, as suggested here, claims that are submitted for training which occurred at a time when a higher rate was in effect will be reimbursed up to 90 days at a percentage rate in effect at the time the training was completed. Claims submitted more than 90 days after completion of training shall be reimbursed at 50% of the rate at the time the training was completed, when submitted within one year. And third that all claims be void after one year of completion of training.

Kelsay: I would like to make a correction. I think it should be at the beginning of training and not the completion. If I sent people to school and thought I was going to get 100% and in the meantime it's changed down to 50%, I think it should be at the rate that is in effect at the time school started, and not at the time of completion of the school.

Kelsay: Second, If you changed it to "started".

Grogan: I think if you could qualify the time you could get it at whatever the rate was.

Toothman: This is at ending of the course. Now some courses have different lengths. Now if you put it at the beginning you are in trouble. We want the ending where there is a positive cut-off date. We have broken sessions -- split sessions and different lengths.

Kelsay That's not fair.

Toothman We are not proposing that you change the rate during the course. This would remain the same all throughout the course, and would be paid accordingly.

Grogan Providing the claim was filed in time. The only way you get into reduced payment is if you get into penalties.

Kelsay: To me "at the rate of completion" means at the end of the course.

Toothman You went through the same experience when you changed over to 60%. You know, we said then that anyone where a course was in process either had started or changed after that date, that it would be recognized and paid at that rate prior to the change. This is what we did, but I don't think that is the problem here. The problem is the ending.

Seares: What we want to do is say that if you start a course and if you submit a claim within 90 days of completion of that course, you are getting the rate of pay that was in effect before it started. But if you delay your claim until after 90 days after the course is completed, you are going to take a reduced percentage of pay and that percentage will be at the lower rate as there has been a rate change. It is just a matter of wording this to convey that idea.

Kelsay: The way you're saying it now is alright. But that's not how I understood it at first.

Grogan: Loren, is that close to your intent?

Enoch: Yes. I'm only looking at the time factor. I'm not really looking at the percentages because it seems to me that the obligation is to pay whatever the percentage is at the time the course started.

Grogan: Would ^{you} offer an amendment to the motion to clarify the language you just stated?

Seares: Maybe we ought to talk about another part of this motion first. As I understand the motion, as long as an agency submitted a claim within 90 days after completion of the course, that agency would be reimbursed at the rate of the reimbursement that was in effect at the beginning of that course. And the next part of that motion was that thereafter reimbursement would be at only 50% of that rate. I just heard it said that at the end of one year the claim would not be recognized. You make it a little tougher than it is here.

McCauley: Question: When you say 50%, are you talking about 50% of the total payment -- expenses as well as salary?

Enoch: Yes. You have 90 days to put it in, then after that you wouldn't lose entirely, but it seems to me that after one year they should lose entirely.

McCauley: Do you see it as more of a problem to staff or less if we were to consider the approach if you submit it in 90 days, and if you do not submit it in 90 days it will not be honored unless it is specifically approved by the Commission at the next meeting. I'm doing this to suggest some flexibility to the thing. Maybe there would be so many that it would be burdensome to the Commission. At the same time I wonder what kind of a kickback the staff is going to get from somebody who submits their claim one day late or two days late. You know the time problem of putting a time limit on something.

Toothman: I think you would get down to a decision of what is justifiably late. Most of it is failure to function properly at the management level.

Ex. Dire.: I think we need some kind of an understanding -- something that is clearly set forth in the records of the Commission about appeals to the Commission without setting up appeal procedure. The Commission has always operated on a policy that anything can be appealed to the Commission. If it is logical it can be presented regardless of what the Regulations might say, and the Commission can take whatever action it seems is appropriate. And it has done that in some cases in the past. I do think that there will be cases where maybe a claim is sent in; our staff has it for maybe an unusual length of time; it goes back and isn't returned for a long time. Those things, I think, we should have the flexibility to negotiate out. Since it has once been submitted, doesn't mean that when it goes back that they can hold it forever. It still has to have time limits for return in a certain time. I can see some problems there.

Toothman: You might initially, but I think that these are a minimum situation. If there is a reasonable lapse, we would disregard it.

EX. Director: I think we can accommodate those without problems within the staff.

Kelsay: We know when somebody starts to school, don't we? That is supposed to be part of the Regulations -- that you receive a notice of who is going to school.

Toothman: We don't receive anything until the class is completed.

Kelsay: Is there some way that jurisdictions can be notified that an outstanding claim must be in in a certain length of time? Do we have a tickler file that can be used to send out a letter that a claim shall be in or they will not be paid?

Grogan: I think the institution or whoever is providing the course should have some obligation to get out information.

Kelsay: Yes, but I would think that if we are going to set a time limit, we should notify them that the claim shall be in by a certain date.

McCauley: I would like to offer an amendment to Loren's motion unless you already have it elsewhere in your policies, and that would be that in the event that any jurisdiction had what appeared to be reasons why the policy should be modified, then they would submit it to the Commission to be acted on at the next meeting.

Seares: You are saying that if they have a hard-ship case, it will be reviewed separately.

Exec.D. The Commission has selected not to put specific appeal procedures in the Regulations on these things, but they have never turned anyone down who has appealed to the Commission.

Enoch: I would be reluctant to see it there. That would nullify the intent. Maybe 50% after 90 days is too severe.

McCauley: The only thing I am concerned about, and maybe it need not be in the motion, is that it be understood that when there is a hard-ship case, and there certainly will be some, that these will be reviewed by the Commission, and those with some lousy excuses certainly are not going to get through, but some justifiable reason will be considered.

Seares: If we send out a notice before the 90 days have expired and say that this is the deadline, I can't see how they could miss.

Enoch: I would like to change my motion and instead of having it 50% make it 90%.

Grogan: If we send out a notice to change the Regulations based on testimony at the hearing, or whatever happens in the ensuing time at that hearing, can we change the Regulations or notify them on the basis of the testimony.

Exec.D.: Yes -- notify, but there cannot be any substantive changes unless it goes to hearing. Now -- what is "substantive" changes!

- Grogan: My thought is that if we get better evidence, maybe a better figure will come up.
- Exec. D.: There is something else to bring up. The reason we divided these as it appears here is that we recommended that these three paragraphs be added to our POST Procedure on reimbursement and that the Commission's Regulations be changed at a future date, because if we come out too soon with this, it is going to have a tremendous impact, and if suddenly all the back claims come in because there is going to be a penalty, the system is going to askew, and we are not going to be able to accommodate it based upon whatever funding is decided upon by the Commission today or in the future. So we are asking that this be held off as far as notice is concerned until we have some experience as to what is coming in in the way of back claims. We can also put some notices out to get the back claims without actually adding the penalty suggestion at that time. We would invite from the Commission suggestions to take care of that, but I'm afraid that if we send out a notice in the near future that we contemplate such a thing at a future hearing, that all of a sudden we would be inundated with claims ^{and} ~~at~~ it would change our estimates that we have given you today.
- Barton: You are going to have to do it sooner or later. If you don't do it this year you'll have the same problem next year.
- Grogan: You are going to have a one-time-shock some time.
- Seares: It would seem to me that it would be advisable to plan a hearing on this point making the effective date sufficiently far in advance to go through this process.
- Toothman: We would have to brief everyone so that there would be complete understanding as a matter of integrity. If we were able to go on this one on the 90 days at the present rate it would immediately drop all late claims to 40% salary, which would be of great benefit to us right now rather than for them to come in at the old 100%.
- Kelsay: This really upsets me -- what you are saying here -- because if they completed that school at 100% why don't they get it at 100%?
- Toothman: These claims are a year old. The Regulations say "submit the claim within 14 days."
- Kelsay: But we have nothing that says ~~that~~ they can't submit them a year later, do we? I think at the moment, since we have no regulation that says "no", that we are obligated to pay, and I would think that we would have it encumbered. If you knew that the person was

Kelsay (cont) going to school, didn't we set aside that much money at 100%?

Toothman: No, because we don't know who hasn't submitted.

Kelsay: I still don't follow that. Don't you have a record of when they started to school?

Barton: Don't you have a record of who completed the school?

Toothman: No we don't. This is way back before this system that was adopted last July. Things come floating in that we don't even know exist.

Enoch: I think we are going to have to take the shock. It seems to me that shock has to occur in 1974/75. My question is regarding a $10\frac{1}{2}$ million dollar budget -- say. Does the State relate your cash-flow in that budget to your revenues or do you incur those costs without respect to the revenues?

Exec.D.: If I follow your question, it relates purely to the revenue, and then if during the year the fiscal office suddenly says "Hey, you're in trouble. You only have a reserve of \$2,000", and this is what happened once before when we had to reduce to 22%. My thought is that we should send out some notices. The notices should be worded to encourage people to get their claims in as some kind of action is contemplated in the future. We know that won't catch everyone, but it will hopefully come in a more steady flow than if we suddenly say to get them in within 90 days or we will chop you 50% -- or some penalty.

Kelsay: I still think we ought to be encumbered.

Toothman: That is what we are trying to do -- encumber this reserve. If we let this reserve go down to nothing, we are in trouble.

(Barton said something regarding the need for a head count, but I couldn't hear him.)

Toothman: This is another problem. Many people on the rosters they send us are not eligible for reimbursement. So we really don't know, unless we get back into the department, how many people were actually entitled to reimbursement. We'll send out notices now just on a blanket basis because we don't know whether this guy might have been a reserve officer or what. So the validity of these rosters are of limited value.

Exec.D.: As far as basic training is concerned, at the hearing this afternoon, we're asking that a list of new hires be sent in. In the past, law enforcement has resisted that kind of thing, and one of our Commissioners resisted this because they hire so many people.

X.D.:(cont) The majority said yes to sending that kind of information. There has been resistance in the past with trying to gather the kind of statistics that we really need to operate POST. That is one of the factors. The other factor is the lack of staff, with the tremendous increase in revenue and offering of courses, with staff always lagging one or two years behind in order to accommodate the impact on POST management. That is why we are just now getting staff that is needed in order to do these kinds of things. That is why we are just getting into automation.

Seares: It seems to me we have two definite segments to this problem. First is this unknown number of back claims which haven't yet been submitted; and then we have the problem of how we're going to prevent this from happening in the future. I think that we should develop some kind of a proposed regulation and go to hearing as quickly as possible and set a date certain when this will become effective -- giving us time then to get everyone accustomed to the idea. Coincident with that, we should make great effort, and maybe a great many visits from our staff out in the field, to make contact as much as possible to ~~xxxx~~ say, "If you have any old claims, get them in because after such and such a date this is going to be the rule, and if you don't get them in, it's going to be tough. This is going to produce a shock, but the quicker we establish a regulation and develop this control, the quicker we will solve the problem. We may have to hold off on any great change in our reimbursement program. We may even have to hold off on that until we discover what this impact is going to be and get it out of the way so we'll know how much money we have to make reimbursements with.

Grogan: Assume the shock is so great and it comes at a time in the fiscal year you can't pay them off in that fiscal year -- you'd have to budget for next year; if we could do something to measure what the shock is going to be, then we could set up a program "first come, first served" on the late claims -- or something like that. It would be an incentive to get them in, but the guys who drag their feet will be the last to get paid. Maybe they wouldn't get paid for two fiscal years down the road.

Toothman: That would be a policy decision, If the Commission made that position known that that is the way we were going to have to operate, that would be it.

Grogan: We would adopt some sort of procedure that we could pay off so many each fiscal year on a "first come, first served" basis.

Toothman: You have just so much money, and it has to be distributed within that top sum, so the only way you can do it is to reduce your amount of reimbursements -- there is no other way to do it.

(Enoch withdrew his motion)

McCauley: To reiterate: I was thinking of a motion right now (the same as Enoch's but it would be at 75% rather than 50% -- this would be the same as the staff recommendation). If the claim^{has} not been submitted within one year, there would be no pay. Also, the agencies should be advised immediately of the Commission's intent so that we will start to get some of these old claims rolling in. I will have to ask for help on when this should be set for hearing. Do you want this in the motion? Does this require an amendment to the Regulations?

Exec. D.: We were recommending that the first portion be a part of the POST Administrative Procedures, and Section 1015(b) be an addition to the POST Regulations.

McCauley: Then add to my motion that the matter be set for hearing at a reasonable time and that a letter be sent to all agencies so that they will get the old claims coming in.

Exec. D.: What we normally do is to change the Regulations effective July 1 or January 1.

Enoch: Under the circumstances and the seriousness of the situation, I don't particularly care if that schedule is followed.

Exec. D. There is also the consideration of the notices that have to go out, and the Commission meetings that will have to be held to have additional changes in the Regulations. Our next regular meeting is July 18 where we can consider some of these things. There is also another factor I would like to bring up, and that is that we have not followed procedures that I think would be a good procedure and that is to send out a notice to the field that we will be holding a hearing as of a certain date, and if there are suggested changes to the Regulations, whatever they might be, they should be submitted. We come up with specific recommended changes, but we always get a few recommended changes other than those proposed, and which are not issues. So it cannot legally be considered and must be put off until another hearing. So I would encourage this be included in the notice.

McCauley: Is there a second to my motion?

Seares: If you made the motion, it is seconded, but ^{WHAT} you have essentially done is repeat Loren's motion but taken the staff recommendation and changed it from 180 days to one year. I'll second that. Now, it seems to me that we ought to do something at this time to draw the line on these old claims.

Seares(cont.) As an example of the time frame, if we said that after January 1, 1975, we aren't going to recognize any claims that are over one year old. Assuming that we get a new regulation adopted some time before this year is out, one of the things would be that there would be a deadline that as of January 1, 1975, anything that was over one year old would not be paid. That gives them 3 or 4 months to get in those old claims. Then we make this new rule effective July 1, 1975. What I'm trying to say is that Ed probably has claims out that are two or three years old.

Grogan: We are saying that 90 days after the effective date of this motion they can't file them.

McCauley: What if the training took place two years ago and the claim hasn't come in? This is the one Seares is worried about.

Seares: Otherwise it is kind of an ex post facto thing.

Grogan: You're talking about the grandfather provision.

Seares: We're saying you have got this much time to get in all those old claims, and if you don't get them in, forget it. From this point on this is the way we're going to do it -- if you don't get it in by 90 days you lose 25%, if you don't get it in by one year, you lose the whole thing.

Grogan: Question: Staff recommended 180 days and you're recommending a full year. What's the staff reaction to that?

Toothman: We think it should be 180 days. To go into a full year before we can really get control is tremendous.

McCauley: My reason for wanting to go to one year is that 25% is a pretty severe penalty, and I was hoping that going into one year would solve a lot of these problems that are going to come up. It would make it a little easier for the administrator.

Seares: I like the staff recommendation of 180 days. I would merely add to that a third paragraph that somehow ruled out the old claims after a certain date.

Toothman: This would be a grandfather clause. That would be a good idea. It gives everyone a fair break.

McCauley: Why don't we make a motion to add that?

Grogan: We have a motion. Do you want to add to it?

McCauley: I am willing to go back to 180 days. I think primarily the staff reaction should be followed. My reason for going to a year was to give more time to administration. I think you may be short of time.

- Enoch: I have a question on the motion. Reading the language at the bottom of page 10, it says, "Claims must be forwarded on a form provided by the Commission no later than 30 days after completion of the certified course." Why that 30 days then you disregard 60 days before you do anything about it?
- Exec. D.: We kicked that around for a long time. The Commission originally said they should be submitted within 14 days. It troubles us too, and we would like your recommendation.
- Enoch: I was wondering if the 30 days should be 90 days, and then go into subparagraph one and say, "Claims forwarded more than 90 days upon completion of a certified course shall be reduced 25% of the approved reimbursable amount, and let the staff write a grandfather clause.
- Consensus: That sounds alright. The wording should be consistent.
- Exec. D.: It really recommends getting the claims in promptly, but it doesn't say that.
- Grogan: It is the consensus that it should say 90 days instead of 30. Now the third item regarding a grandfather clause, could we have staff draft that?
- Seares: I would say let the staff figure that out -- a grandfather clause to take care of the old claims.
- Kelsay: I would go right back to paragraph 1: After the effective date of this order, claims that are not forwarded within 90 days shall be reduced 25% -- you know, old claims, and then give them the other. (*grandfather clause*)
- McCauley: Can we take the impact?
- Toothman: The suggestion was made that if we can't pay them, hold them until we can, and they are just going to have to suffer the consequences. That way we would get the thing under control and would know the dimensions of the problem.
- Seares: That would be the best way. They took a long time getting the claims in, we can take some time getting them paid.
- Kelsay: After the effective date of this Regulation, all old claims are subject to paragraph one and two. You can word it differently if you want to.
- Grogan: Do you accept the amendment?

Consensus -- "Yes, the amendment was acceptable."

Question stated: All in favor say "Aye".....So ordered.

Grogan: Do you want a motion on the PAM Procedures?

Exec. D.: There was some confusion over the term "at a percentage rate in effect at the time the training was completed vs. the time the training was started."

Kelsay: As far as I'm concerned, I think it should be started."

Exec. D.: That is technical language that only Ed can explain, but it does need clarification.

Kelsay: I think it should be at the time you started the person in class. That is exactly what they should be paid.

Exec. D.: Ed, do you find a problem if it is changed to "started"?

Toothman: No, as long as we accomplish the basic purpose of one.

McCauley: We are saying that the rules don't change during the course presentation. That is what we are saying.

Exec. D.: Maybe we could amend the third paragraph.

Kelsay: The approved deal is what it was when they started. I don't understand because really the approved rate is in paragraph 1, "The approved rate" is the one approved when the man started to school, and that is what we are going to pay -- period. We did not agree to reduce it or lower it during the course of study.

Seares: If he wants to take a year to get his claim in, they're losing 25%. I think we could strike that last paragraph.

Exec. D.: Ed, would you have a problem with that?

Toothman: Remember, paragraph one is for calculating or computing the claim, and the other is the amount after it is computed. There's a difference.

McCauley: Run us through a "for instance."

Kelsay: The percentage of rate in effect at the time the training is completed is absolutely wrong.

Grogan: If I understand the Commission, Ed, they are saying that whatever

Grogan (cont.) rate was in effect when the guy started to school applied for computations to be reduced by 25% if it is over 90 days, and if it is over 180 days they get nothing in all cases. Is that right?

Seares: That's what we just did.

Grogan: Then we don't need that last paragraph to do that. Does that give you a problem, Ed?

Toothman: Well, go back to the computing aspect of it.

McCauley: Tell us what the computing problem is. Maybe that is our problem.

Toothman: Suppose that you compute at 60% which was in effect when the course started, and at the end of 90 days you computed on a different basis.

McCauley: What we are saying is that it would be computed on the basis of 60% and that would be it -- which was in effect when the course was started. And then if a penalty has to be applied, you compute differently.

Seares: Conversely, if it starts out at 100% and goes down to 60%, we don't penalize them. But I do think that it would be great if there could be some kind of system where there is an encumbrance.

Toothman: This is your reserve. You can't do these things until you develop a programmed training so you can have some idea ahead of time what your total encumbrance is going to be for a year. Right now we are vulnerable. We're at the mercy of what somebody decides out in the field that we have no control over.

Exec.D.: Can't we scrub the third paragraph? Ed, that won't cause a problem, will it?

Grogan: You'll have one basis for computation. It is when the guy took the training whatever it was when he started, then the penalty applies. Do you need a motion on that? The motion would be on paragraph 1 and 2 on POST Procedure, Section 5. The 2nd paragraph would be changed to started instead of completed.

Seates: This is subject to the adoption of the change in the reimbursement plan.

Exec.D.: We could put this out any time.

Seares: Then I "so move."

Kelsay: Second.

Carried.

Grogan: We didn't talk about what date for this action.

Seares: Prior to the next date of hearing, there be a request to the field or an opportunity given to the field to submit suggestions for that hearing.

Kelsay: Why can't we do it this way? We ask for those between now and our July meeting. Tell them we are going to make changes, and if you have any suggestions, get them to us before the July meeting. Then at the July meeting, we set up our hearing procedure.

(To BE CONTINUED, IF DESIRED)